



## **Submission:** Health Legislation Amendment (Medicare Compliance and Other Measures) Bill 2021 [Provisions]

### **Acknowledgement**

It's important to note we have great respect for the many health professionals working each day in such important and often life saving roles. We acknowledge that health practitioners are put in difficult situations that we could never understand, particularly during COVID-19. In addition, we have both experienced medical emergencies that required emergency surgery: we would not be here today without this intervention.

### **Who we are**

We are researchers and advocates who have helped expose systemic wage theft (7-Eleven<sup>1</sup>, Domino's Pizza<sup>2</sup>, etc.), systemic issues in the franchising sector (Retail Food Group [Brumby's Bakery, Crust Pizza, Donut King, Michel's Patisserie]<sup>3</sup>, Mortgage Choice<sup>4</sup>, etc.), fee gouging with Australia's largest toll road operator Transurban<sup>5 6 7</sup>, and more recently, systemic issues in Australia's cosmetic surgery industry

### **Medicare Abuse**

For over 18 months we have been conducting research into the systemic issues within the cosmetic surgery industry in Australia. One of the areas we have been focusing on within the industry is abuse of the Medicare system by doctors performing cosmetic surgery procedures.

When looking at the Explanatory Memoranda of the Health Legislation Amendment (Medicare Compliance and Other Measures) Bill 2021<sup>9</sup> we note it says, "While most health practitioners claim benefits appropriately, a few do not".

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<sup>1</sup> <https://www.smh.com.au/interactive/2015/7-eleven-revealed/>

<sup>2</sup> <https://www.smh.com.au/interactive/2017/the-dominos-effect/>

<sup>3</sup> <https://www.smh.com.au/business/companies/cup-of-sorrow-the-brutal-reality-of-australias-franchise-king-20171207-h00bl.html>

<sup>4</sup> <https://www.franchisebusiness.com.au/media-spotlight-shines-on-mortgage-choice-and-its-remuneration-model/>

<sup>5</sup> <https://www.choice.com.au/transport/cars/fines/articles/road-toll-costs-and-fines>

<sup>6</sup> <https://www.abc.net.au/news/2018-03-20/how-does-a-road-toll-debt-get-to-200000-dollars/9555960>

<sup>7</sup> <https://www.9news.com.au/national/tolls-ombudsman-calls-for-better-system-to-deal-with-driver-complaints/5a1a4e9f-547d-498b-a61c-c29e1f09e145>

<sup>9</sup> [https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr6789\\_ems\\_a4b13834-c2a8-422f-9691-cbc12f600b90%22](https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr6789_ems_a4b13834-c2a8-422f-9691-cbc12f600b90%22)

We hold concerns about the statement that most health practitioners claim benefits appropriately, given that in our research we have spoken to many people from the industry who believe Medicare abuse is quite common. This raises questions about how data on Medicare abuse is collected and if the current detection methods are adequate.

Medical professionals have told us it is commonplace for doctors who do cosmetic surgery to bill Medicare for preoperative pathology and radiology for procedures that are purely cosmetic. Medicare professionals have told us this is not allowed and is a clear abuse of the Medicare system. Further, the Services Australia website itself stipulates that pathology for cosmetic procedures are not eligible for Medicare: “Some pathology tests don’t qualify for a Medicare benefit. The patient must pay the full test fee. **Examples include elective cosmetic surgery, insurance testing, and some genetic tests**”.<sup>10</sup>

Doctors have also told us that they bill pre-operative pathology for cosmetic surgery to Medicare. They considered it commonplace and relayed to us that it was a grey area. Medicare experts and the above quote from the Services Australia website suggest billing this type of pathology to Medicare is a clear breach, and not a grey area.

Even more concerning were the claims from medical professionals that it is commonplace for some doctors who perform cosmetic surgery to falsify medical records to access Medicare for procedures like tummy tucks. In these instances, strict criteria must be met to claim amounts from Medicare, yet we have heard from reliable sources that some doctors add the criteria to a patient’s file to access Medicare despite the patient never meeting the criteria.

When emergency complications arise from cosmetic surgery, taxpayers can foot the bill. In November 2021, it was reported that a recently banned high profile GP performing cosmetic procedures had a patient almost die.

To get a sense of the potential scale of Medicare abuse and potential impact to the taxpayer, the Australasian College of Cosmetic Surgery and Medicine suggested more than 500,000 Australians are seeking cosmetic surgery each year.<sup>12</sup>

Preoperative pathology and radiology can easily reach hundreds of dollars alone, and that does not consider all of the other postoperative impacts to the Medicare system for purely cosmetic procedures, such as: complications being dealt with in the public health system, bulk billed GP visits about postoperative pain and discomfort, etc.

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<sup>10</sup><https://www.servicesaustralia.gov.au/pathology-services-for-health-professionals?context=20>

<sup>12</sup> <https://www.acccsm.org.au/download/?id=media&doc=190>

We have heard from reliable sources in the medical space that Medicare abuse by doctors performing cosmetic procedures and subsequent flow on expenses could potentially run into the hundreds of millions of dollars. This not only has a direct impact on taxpayers, but also means patients who require medically necessary procedures and treatment not currently covered by Medicare, are possibly being cheated by a system that diverts money those who want “butt lifts” and high-definition liposuction for abs.

The booming cosmetic surgery space is an industry that needs careful and thorough monitoring. For Medicare compliance to be improved, better quality data needs to be captured to determine the true extent of Medicare fraud in this industry. Where Medicare abuse by doctors in the cosmetic surgery industry is deliberate, we believe it is important criminal provisions available under the relevant laws be accessed.

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